

Message Text

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ACTION EA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 INR-05 CIAE-00

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC IMMEDIATE 9019

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S E C R E T MANILA 14525

LIMDIS

CINCPAC PLEASE PASS TO POLAD FOR AMBASSADOR SULLIVAN

E.O. 1652: GDS

TAGS: PFOR, RP

SUBJECT: PHILIPPINE PARA, SECTION II TEXT

REF: STATE 266821

1. FOLLOWING ARE POST SUGGESTIONS FOR CHANGES OR ADDITIONS
TO TEXT PROPOSED REFTEL, BEGINNING WITH PARAGRAPH TWO. (POST
CHANGES IN TEXT BRACKETED).

2. FOREIGN RELATIONS: (ACKNOWLEDGE CONTINUED PHILIPPINE EFFORTS
TO STRENGTHEN RELATIONS WITHIN THE REGION THROUGH ASEAN AND
BILATERALLY. WHILE AVOIDING DIRECT INITIATIVE IN ASEAN,)
SEEK WAYS TO FACILITATE DEVELOPMENT OF ASEAN, INITIALLY
(ECONOMICALLY AND IN OTHER WAYS AS THEY BECOME APPROPRIATE.
MAINTAIN NEUTRAL POSTURE TOWARDS) PHILIPPINE NORMALIZATION OF
RELATIONS WITH THE PRC AND THE SOVIET UNION, BUT ENCOURAGE THE
PHILIPPINES WHEREVER APPROPRIATE TO MAINTAIN ECONOMIC AND
CULTURAL TIES WITH TAIWAN.

3. (TERRITORIAL INTERESTS: SO FAR AS PHILIPPINE INTERESTS OUT-
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SIDE ITS ARCHIPELAGO ARE CONCERNED, PARTICULARLY WITH REFERENCE

TO THE SPRATLEY ISLANDS AND SABAH,) AVOID ANY IMPLIED OBLIGATION TO SUPPORT PHILIPPINE CLAIMS OR FORECES DISPOSED IN (SUPPORT OF THOSE CLAIMS. WITH REFERENCE TO INTEREST IN THE ARCHIPELAGO ITSELF, ATTEMPT TO DEVELOP PHILIPPINE SUPPORT FOR UNIMPEDED TRANSIT THROUGH ARCHIPELAGOS AND STRAITS WITHIN THE FRAMEWORK OF AN OVERALL ACCORD ON THE LAW OF THE SEA.)

4. MILITARY ASSISTANCE. (ENDEAVOR TO AVOID PUBLIC ESTABLISHMENT OF DIRECT LINKAGE BETWEEN U. S. S. MILITARY ASSISTANCE AND CONTINUED EFFECTIVE ACCESS TO U.S. MILITARY BASES IN THE PHILIPPINES.) MILITARY ASSISTANCE SHOQTLD BE PROVIDED, HOWEVER, IN AN AMOUNT WHICH, IN CONJUNCTION WITH OTHER U.S. PROGRAMS INCLUDING OTHER FORMS OF ASSISTANCE, WILL HELP TO ASSURE THE DESIRED CONTINUED EFFECTIVE ACCESS TO THE BASES. IN THIS CONTEXT, (GRANT) MILITARY ASSISTANCE SHOULD BE PLANNED AND REQUESTED IN THE AMOUNT OF \$17-25 MILLION ANNUALLY; (ALSO FMS CREDITS SHOULD BE PROGRAMMED AT \$11.5-12.5 MILLION ANNUALLY.) THE DOMINANT EMPHASIS SHOULD BE ON THE NEEDS OF PHILIPPINE INTERNAL SECURITY, RATHER THAN ON AN EXTERNAL THREAT.

5. MUSLIMS. (WITHIN FRAMEWORK OF CONTINUED MILITARY ASSISTANCE TO THE PHILIPPINES FOR INTERNAL SECURITY PURPOSES, SEEK TO MINIMIZE U.S. IDENTIFICATION WITH PHILIPPINE EFFORTS TO RESOLVE MUSLIM PROBLEM BY FORCE. BE PREPARED AS MOMENT ARISES TO ASSIST ECONOMIC DEVELOPMENT INITIATIVES RESPONSIVE TO THE MUSLIM PROBLEM, OR BROADER DEVELOPMENT PROBLEMS OF SOUTHERN PHILIPPINES WHICH BEAR ON MUSLIM/CHRISTIAN DISPUTES.)

6. U.S. FORCES. MAINTAIN THE CREDIBILITY OF THE U.S.DEFENSE COMMITMENT, PRIMARILY BY KEEPING U. S. FORCES IN THE PHILIPPINES AT A LEVEL ADEQUATE TO THIS END, ADVISING THEPHILIPPINES IN ADVANCE OF ANY SIGNIFICANT CHANGES IN U. S. FORCE LEVELS IN THE PHILIPPINES, AND BRIEFING THE PHILIPPINE GOVERNMENT ON A PERIODIC BASIS ON THE OUTLOOK FOR (AND OBJECTIVES OF) U.S. FORCE LEVELS IN ASIA GENERALLY.

7. MILITARY BASES AGREEMENT. CONSIDER CHANGES IN THE MILITARY BASES AGREEMENT PROPOSED BY THE PHILIPPINE GOVERNMENT. IN ANY RESULTING NEGOTIATIONS, REMAIN FLEXIBLE ON NON-ESSENTIAL ASPECTS OF OUR BASE ARRANGEMTS IN ORDER TO ATTENUATE NATIONALISTIC
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PRESSURES AGAINST OUR BASES AND INSTALLATIONS.

8. ECONOMIC NEGOTIATIONS. CONTINUE EFFORTS TO NEGOTIATE A BILATERAL AGREEMENT ON INVESTMENT (AND TRADE) WITH THE PHILIPPINES. THAT AGREEMENT SHOULD PROVIDE THE MAXIMUM FEASIBLE MEASURES (OF ACCESS TO PHILIPPINE MARKETS AND STABILITY OF BUSINESS CONDITIONS) FOR U.S. (TRADERS AND) INVESTORS COMMENSURATE WITH MAINTENANCE OVER THE LONG TERM OF A FAVORABLE POSSIBLE BASIS

FOR BILATERAL TRADE, (ASSURING TO THE MAXIMUM EXTENT NEGOTIABLE RECIPROCAL OF MFN TREATMENT RESPECTING CONCESSIONS ON TARIFFS OR NON-TARIFF BARRIERS, BUT RECOGNIZING WHERE FEASIBLE THAT PHILIPPINE CONCESSIONS ON U.S. INVESTMENT INTERESTS ARE LIKELY TO BE BASED ON ANTICIPATED CONCESSIONS IN THE TRADE SPHERE.) IN THE NEGOTIATIONS WE SHOULD AVOID ANY (INDICATION OF) LINKAGE BETWEEN ECONOMIC ISSUES AND MILITARY BASES.

9. TAXATION TREATY. CONTINUE EFFORTS TO RENEGOTIATE THE UN-RATIFIED TAXATION CONVENTION, AS REQUESTED BY THE PHILIPPINE GOVERNMENT.

10. LAUREL-LANGLEY TRANSITION. ENCOURAGE U.S. BUSINESSMEN IN THE PHILIPPINES TO WORK OUT PROBLEMS OF TRANSITION IN THE POST LAUREL-LANGLEY EAR DIRECTLY IN ACCORDANCE WITH PHILIPPINE LAW AND PRACTICE, AND IN DIALOGUE WITH THE PHILIPPINE GOVERNMENT. USG PARTICIPATION IN THE PROCESS SHOULD FOCUS MAINLY ON FINDING SOLUTIONS WHICH ARE IN LINE WITH OVERALL ECONOMIC TREATY EXPECTATIONS AND WHICH AVOID POSSIBLE CHARGES OF OR POTENTIAL FOR EXPROPRIATION OR DISCRIMINATION.)

11. ECONOMIC ASSISTANCE. MAINTAIN U.S. ECONOMIC ASSISTANCE TO THE PHILIPPINES AT APPROXIMATELY THE CURRENT LEVEL.

12. CONSULTATIVE GROUP. (TO CONTINUE REFINEMENT OF CONSENSUS IN THE PHILIPPINES CONSULTATIVE GROUP ON PRIORITIES, GOALS AND INPUTS FOR A REALISTIC ECONOMIC DEVELOPMENT PROGRAM, (CONTINUING THE WELL-ESTABLISHED PRACTICE OF USING THE IBRD AND OTHER INTERNATIONAL AGENCY PARTICIPANTS AS ADVISERS AND CRITICS OF PHILIPPINE POLICIES AND PRACTICES.)

13. NARCOTICS. MAINTAIN COOPERATION WITH THE PHILIPPINES IN
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KEEPING INTERNATIONAL NARCOTICS TRAFFIC UNDER CONTROL, AND EXTEND LIMITED ASSISTANCE TO THE PHILIPPINES TOWARD THIS END.

14. EMBASSY DOES NOT BELIEVE IT WILL BE POSSIBLE WITH DISCUSSION FOREGOING AND WITH DRAFTING EFFORT YET TO BE ACCOMPLISHED TO COMPLETE WORK ON THE ORIGINAL SCHEDULE. WE THEREFORE SUGGEST A MORE REALISTIC DEADLINE OF FEBRUARY 1.
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